

AMENDED IN ASSEMBLY AUGUST 22, 2014
AMENDED IN ASSEMBLY AUGUST 18, 2014
AMENDED IN ASSEMBLY MARCH 25, 2014
AMENDED IN ASSEMBLY MARCH 12, 2014
AMENDED IN ASSEMBLY AUGUST 7, 2013
AMENDED IN ASSEMBLY JUNE 19, 2013
AMENDED IN SENATE MAY 8, 2013
AMENDED IN SENATE APRIL 4, 2013

SENATE BILL

No. 699

Introduced by Senator Hill
(Coauthor: Assembly Member Gatto)

February 22, 2013

An act to amend Section 364 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 699, as amended, Hill. Public utilities: electrical corporations.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. Existing law requires the commission to adopt inspection, maintenance, repair, and replacement standards for the distribution systems of electrical corporations in order to provide high-quality, safe, and reliable service. Existing law requires the commission to conduct a review to determine whether the standards have been met and to perform the review after every major outage.

This bill would require the commission, in a new proceeding, or new phase of an existing proceeding, to commence on or before July 1, 2015, to consider adopting rules to address ~~security threats~~ *physical security risks* to the distribution systems of electrical corporations.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the provisions of this bill are within the act and require action by the commission to implement its requirements, a violation of these provisions would impose a state-mandated local program by expanding the definition of a crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) ~~Threats~~ *Physical threats* to the electrical distribution system
- 4 ~~could threaten~~ *present risks to* public health and safety and *could*
- 5 *disrupt economic activity in California.*
- 6 (b) Ensuring appropriate actions are taken to protect and secure
- 7 vulnerable electrical distribution system assets from *physical*
- 8 threats that could disrupt safe and reliable electric service, or
- 9 disrupt essential public services, including safe drinking water
- 10 supplies, are in the public interest.
- 11 (c) Proper planning, in coordination with the appropriate federal
- 12 and state regulatory and law enforcement authorities, will help
- 13 prepare for attacks on the electrical distribution system and thereby
- 14 help reduce the potential consequences of such attacks.
- 15 SEC. 2. Section 364 of the Public Utilities Code is amended
- 16 to read:
- 17 364. (a) The commission shall adopt inspection, maintenance,
- 18 repair, and replacement standards, and shall, in a new proceeding,
- 19 or new phase of an existing proceeding, to commence on or before

July 1, 2015, consider adopting rules to address ~~security threats~~
~~the physical security risks~~ to the distribution systems of electrical
corporations. The standards or rules, which shall be ~~performance~~
~~or prescriptive based~~, *prescriptive or performance-based*, or both,
and may be based on risk management, as appropriate, for each
substantial type of distribution equipment or facility, shall provide
for high-quality, safe, and reliable service.

(b) In setting its standards or rules, the commission shall
consider: cost, local geography and weather, applicable codes,
potential ~~security threats~~, *physical security risks*, national electric
industry practices, sound engineering judgment, and experience.
The commission shall also adopt standards for operation, reliability,
and safety during periods of emergency and disaster. The
commission shall require each electrical corporation to report
annually on its compliance with the standards or rules. Except as
provided in subdivision (d), that report shall be made available to
the public.

(c) The commission shall conduct a review to determine whether
the standards or rules prescribed in this section have been met. If
the commission finds that the standards or rules have not been
met, the commission may order appropriate sanctions, including
penalties in the form of rate reductions or monetary fines. The
review shall be performed after every major outage. Any money
collected pursuant to this subdivision shall be used to offset funding
for the California Alternative Rates for Energy Program.

(d) The commission may, consistent with other provisions of
law, withhold from the public information generated or obtained
pursuant to this section that it deems would pose a security threat
to the public if disclosed.

SEC. 3. No reimbursement is required by this act pursuant to
Section 6 of Article XIII B of the California Constitution because
the only costs that may be incurred by a local agency or school
district will be incurred because this act creates a new crime or
infraction, eliminates a crime or infraction, or changes the penalty
for a crime or infraction, within the meaning of Section 17556 of
the Government Code, or changes the definition of a crime within
the meaning of Section 6 of Article XIII B of the California
Constitution.